
ANNUAL FINANCIAL REPORT

BAYVIEW IRRIGATION DISTRICT
NO. ELEVEN

DECEMBER 31, 2021

BUFFO & BERKMAN
CERTIFIED PUBLIC ACCOUNTANTS

**BAYVIEW IRRIGATION DISTRICT NO. ELEVEN
FOR THE YEAR ENDED DECEMBER 31, 2021**

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BUFFO & BERKMAN

CERTIFIED PUBLIC ACCOUNTANTS

324 E. HIDALGO BOX 710 956-689-2479

RAYMONDVILLE, TEXAS 78580

February 15, 2023

Independent Auditor's Report

Board of Directors
Bayview Irrigation District No. Eleven
Bayview, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the Business Type Activities of Bayview Irrigation District No. Eleven, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

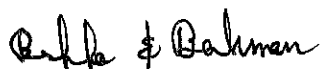
Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Business Type Activities of Bayview Irrigation District No. Eleven, as of December 31, 2021, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information such as management's discussion and analysis, budgetary comparison information and schedules of pension information on pages 7 through 11, page 32 and page 33 thru 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



BUFFO & BERKMAN
Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

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**BAYVIEW IRRIGATION DISTRICT NO. ELEVEN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

DECEMBER 31, 2021

(UNAUDITED)

Our discussion and analysis of Bayview Irrigation District No. Eleven's financial performance provides an overview of the District's financial activities for the year ended December 31, 2021. Please read it in conjunction with the District's basic financial statements which begin on page 15.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The District's basic financial statements include the Statement of Net Position and the Statement of Income, Expense and Changes in Net Position. These provide information about the activities of the District as a whole and represent a long-term view of the District's property, obligations, and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

The statement of Cash Flows presents changes in cash and cash equivalents, resulting from operating, financing and investing activities. The statement presents cash receipts and cash disbursement information without consideration of earnings, events, when an obligation arises, or depreciation of capital assets.

The notes to the financial statements (starting on page 22) provide narrative explanations or additional data needed for full disclosure required by generally accepted accounting principles that are not otherwise present in the financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the District and Deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$407,192 (net position).
- This District's total net position decreased by \$97,234.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities and Changes in Net Position

The analysis of the District's overall financial condition and operations begins on page 15. Its primary objective is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities while the Statement of Income, Expenses and Changes in Net Position includes all the income and expenses generated by the District's operations during the year. These apply the accrual basis of accounting, which is the same method used by most private sector companies.

All of the current year's income and expenses are taken into account regardless of when cash is received or paid. All the District's assets are reported whether they serve the current or future years. Liabilities are considered whether they must be paid in the current or future years.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources) provide one measure of the District's financial health or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To assess fully the overall health of the District; however, you should consider non-financial factors as well, such as the condition of the District's facilities.

In the Statement of Net Position and the Statement of Income, Expenses and Changes in Net Position, the District has one kind of activity:

Business-Type Activities – The District’s basic services are reported here, including maintenance and operating. Flat rate and water sales, finance these activities.

Reporting the District’s Business-Type Fund

Enterprise Fund – The District reports its basic services in an enterprise fund. This fund uses accrual accounting (a method that records the current year’s income and expenses regardless of when cash is received or paid.) All the District’s assets are reported whether they serve the current or future years. The enterprise fund statements provide a detailed view of the District’s general operations and the basic services it provides.

FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District’s business-type activities.

Net position of the District decreased from \$504,426 to \$407,192. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$140,692 at December 31. This decrease in governmental net position was the net result of the District’s expenses exceeding the income by \$97,234.

TABLE I
NET POSITION

	Business Type Activities	
	2021	2020
Current assets	\$ 225,045	\$ 298,609
Capital assets, net	266,500	301,556
Total assets	<u>\$ 491,545</u>	<u>\$ 600,165</u>
Deferred outflows of resources		
Pension contributions	\$ 3,179	\$ 4,327
Assumption changes – pension	12,321	5
Economic- demographic gains or losses – pension		3,298
Total deferred outflows of resources	<u>\$ 15,500</u>	<u>\$ 7,630</u>
Current liabilities	<u>\$ 2,140</u>	<u>\$ 1,868</u>
Total liabilities	<u>\$ 2,140</u>	<u>\$ 1,868</u>
Deferred inflows of resources		
Unavailable revenue	\$ 78,599	88,806
Investment gains or losses	18,982	12,695
Economic-demographic gains or losses - pension	132	.
Total deferred inflows of resources	<u>\$ 97,713</u>	<u>\$ 101,501</u>
Net position:		
Investment in capital assets, net of related debt	\$ 266,500	\$ 301,556
Unrestricted (deficit)	140,692	202,870
Total net position	<u>\$ 407,192</u>	<u>\$ 504,426</u>

TABLE II
CHANGE IN NET POSITION

	Business Type Activities	
	2021	2020
Income:		
Water sales	\$ 87,536	\$ 166,638
Flat rate assessments	182,845	158,824
Penalties and interest	10,883	11,268
Interest income	1,128	3,562
Miscellaneous	7,188	6,558
Total income	<u>\$ 289,580</u>	<u>\$ 346,850</u>
Expenses:		
Purchased water	\$ 103,611	\$ 126,819
Salaries and other payroll expenses	104,859	139,832
Others	128,959	172,343
Pension	14,329	10,741
Depreciation	35,056	35,056
Total expenses	<u>\$ 386,814</u>	<u>\$ 484,791</u>

CHANGE IN NET POSITION	\$(97,234)	\$(137,941)
NET POSITION, JANUARY 1	<u>504,426</u>	<u>642,367</u>
NET POSITION, DECEMBER 31	<u>\$ 407,192</u>	<u>\$ 504,426</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2021, the District had approximately \$266,500 (net of accumulated depreciation) invested in a broad range of capital assets, including land, water rights, buildings, improvements, furniture and fixtures, equipment and pumps.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The District’s elected and appointed officials considered many factors when setting the 2022 budget. The District expects income to equal expenses for year 2022.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. If you have a question about this report or need additional financial information, contact the District Administration Office at, 110 South San Ramon Road, Los Fresnos, Texas, 78566.

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BASIC FINANCIAL STATEMENTS

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BAYVIEW IRRIGATION DISTRICT NO. ELEVEN
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2021

	<u>Proprietary Fund</u>
ASSETS	
Cash	\$ 83,301
Temporary investment- certificate of deposit	84,500
Receivables net of allowance for uncollectible	34,351
Prepaid expenses	7,458
Net pension assets	15,435
Capital assets	
Non-depreciable assets	184,986
Depreciable assets, net of accumulated depreciation	<u>81,514</u>
Total assets	<u>\$ 491,545</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension contributions	\$ 3,179
Assumption changes – pension	<u>12,321</u>
Total deferred outflow of resources	<u>\$ 15,500</u>
LIABILITIES	
Accounts payable	<u>\$ 2,140</u>
Total liabilities	<u>\$ 2,140</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	\$ 78,599
Investment gains or losses-pension	18,982
Economic/demographic gains or losses-pension	<u>132</u>
Total deferred inflows of resources	<u>\$ 97,713</u>
NET POSITION	
Investment in capital assets net of related debt	\$ 266,500
Unrestricted	<u>140,692</u>
Total net position	<u>\$ 407,192</u>

The accompanying notes are an integral part of this statement.

BAYVIEW IRRIGATION DISTRICT NO. ELEVEN
STATEMENT OF INCOME, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Proprietary Fund</u>
INCOME	
Water sales	\$ 87,536
Flat rate assessments	182,845
Penalties and interest	10,883
Interest income	1,128
Miscellaneous	<u>7,188</u>
Total income	<u>\$ 289,580</u>
EXPENSES	
Purchased water	\$ 103,611
Salaries and other payroll expenses	104,859
Supplies, parts and repairs	50,701
Fuel, oil and lubricants	8,360
Pumps-Electricity parts and repairs	33,801
Professional fees	11,196
Recurring operating	24,901
Pension	14,329
Depreciation	<u>35,056</u>
Total expenses	<u>\$ 386,814</u>
Change in net position	\$(97,234)
Net position	
Beginning of the year	<u>504,426</u>
End of the year	<u><u>\$ 407,192</u></u>

The accompanying notes are an integral part of this statement

BAYVIEW IRRIGATION DISTRICT NO. ELEVEN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

Cash Flows from Operating Activities:	
Cash received from user charges	\$ 280,797
Other operating revenue	7,188
Cash payments to suppliers	(245,597)
Payments to or on behalf of employees	(104,587)
Net cash provided by (used for) operating activities	<u>\$(62,199)</u>
Cash flows from noncapital financing activities	
Operating transfers	<u>\$ -0-</u>
Net cash used for non capital financing activities	<u>\$ -0-</u>
Cash flows from capital and related financing activities	
Payments on notes payable	<u>\$ -0-</u>
Net cash provided by capital and related financing activities	<u>\$ -0-</u>
Cash from investing activities	
Interest income	<u>\$ 1,128</u>
Increase (decrease) in cash and temporary investments	\$(61,071)
Cash and temporary investments - beginning of the year	<u>228,872</u>
Cash and temporary investments - end of the year	<u><u>\$ 167,801</u></u>

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NOTES TO THE FINANCIAL STATEMENTS

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BAYVIEW IRRIGATION DISTRICT NO. ELEVEN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. CREATION OF DISTRICT

The Bayview Irrigation District No. Eleven was organized as a water control and improvement District in 1932 under the provisions of Chapter 51, Texas Water Code, under the name Cameron County Water Improvement District No. Eleven. On November 29, 1982, the District was renamed to its present name, and converted into an irrigation district under the provisions of Chapter 58, Texas Water Code, and under Article XVI, Section 59 of the Texas Constitution. The primary operation provides irrigation water to an area approximately 7,822 acres in southeastern Cameron County, Texas.

B. REPORTING ENTITY

The Board of Directors (the "Board"), a five member group, has governance responsibilities over all activities related to the Irrigation District. The District is a financial reporting entity as defined by the Government Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity", since the board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. There are no component units included within the reporting entity. The District receives funding from local and state sources and must comply with the requirements of these funding source entities.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The District's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included in the statement of net position; and the operating statements present increases (income) and decreases (expenses) in total net position. Under the accrual basis of accounting, income is recognized when earned and expenses are recorded at the time the liability is incurred, regardless of the timing of related cash flows. The accounting objectives are determination of net income, financial position and cash flow.

Proprietary funds distinguish operating income and expenses from non-operating items. Operating income and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. The principal operating income of the District are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. Income and expenses not meeting these definitions are reported as non-operating income and expenses.

BAYVIEW IRRIGATION DISTRICT NO. ELEVEN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)

The accounting and reporting policies of the District relating to the accompanying financial statements conform to accounting principles generally accepted in the United States of America (“GAAP”) applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (“GASB”), the American Institute of Certified Public Accountants in the publication entitled State and Local Governments – Audit and Accounting Guide and by the Financial Accounting Standards Board (where applicable).

D. OTHER ACCOUNTING POLICIES

1. Cash and cash equivalent considers all cash accounts which are not subject to penalties with a maturity of three months or less to be cash equivalents.
2. The District records purchases of supplies as expenses. If any supplies are on hand at the end of the year, their total cost is recorded as inventory.
3. Capital assets, which include land, structures, improvements and equipment, are reported in the enterprise fund. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Structures, improvements and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Structures and improvements	20 - 40
Equipment	5 - 10

4. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.
5. The official non-appropriate budget was prepared for adoption. The budget is prepared using the accrual basis of accounting. The original budget was not amended during the year.

BAYVIEW IRRIGATION DISTRICT NO. ELEVEN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

II. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U. S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market saving accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. Bayview Irrigation District No. Eleven is not in compliance with the requirements of the Act and with local policies. The District's Investment Officer has not completed the continuing education requirements at December 31, 2021.

Additional policies and contractual provisions governing deposits and investments for Bayview Irrigation District No. Eleven are specified below:

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount of deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has no custodial credit risk for deposits.

Credit Risk To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligation the District limits investments to Certificates of Deposit.

Custodial Credit Risk for Investments All the District's investments are registered in the District's name; therefore the District is not exposed to custodial credit risk

BAYVIEW IRRIGATION DISTRICT NO. ELEVEN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

II. DETAILED NOTES ON ALL FUNDS (Continued)

A. DEPOSITS AND INVESTMENTS (Continued)

District Policies and Legal and Contractual Provisions Governing Deposits (Continued)

Interest Rate Risk To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires investments to have maturities of 30 months or less on a weighted average maturity basis.

B. FLAT RATE ASSESSMENTS

2021 flat rate assessment were levied on January 1st. Unpaid amounts were considered delinquent if not paid in full by March 31st. Assessments are accounted as income in the accounting period levied.

C. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

Receivables are presented at net of the allowance for uncollectible accounts. Allowance for accounts uncollectible is based on historical experience in collecting receivables.

D. CAPITAL ASSET ACTIVITY

Capital asset activity for the District, for the year ended December 31, 2021, was as follows:

	<u>12/31/20</u> <u>Balance</u>	<u>Addition</u>	<u>Deletion</u>	<u>12/31/21</u> <u>Balance</u>
Non Depreciable Assets				
Land	\$ 3,187			\$ 3,187
Water rights	181,799			181,799
Total non depreciable assets	<u>\$ 184,986</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 184,986</u>
Depreciable Assets				
Structures and improvements	\$ 883,320			\$ 883,320
Equipment	701,228			701,228
Total depreciable assets	<u>\$ 1,584,548</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,584,548</u>
Less Accumulated depreciation for:				
Structure and improvements	\$(844,546)	\$(1,119)		\$(845,665)
Equipment	(623,432)	(33,937)		(657,369)
Total accumulated depreciation	<u>\$(1,467,978)</u>	<u>\$(35,056)</u>	<u>\$ -0-</u>	<u>\$(1,503,034)</u>
Depreciable assets, net	<u>\$ 116,570</u>	<u>\$(35,056)</u>	<u>\$ -0-</u>	<u>\$ 81,514</u>

BAYVIEW IRRIGATION DISTRICT NO. ELEVEN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

II. DETAILED NOTES ON ALL FUNDS (Continued)

E. PENSION PLAN

A. Plan Description

Bayview Irrigation District No. Eleven provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of statewide agent multiple-employer public employee retirement system nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available at www.tcdrs.com.

B. Benefits Provided

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas State statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after 10 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum before they are eligible to retire, are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Employees covered by benefit terms.

At the December 31, 2020 valuations and measurement date, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	9
Active employees	3

BAYVIEW IRRIGATION DISTRICT NO. ELEVEN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

II. DETAILED NOTES ON ALL FUNDS (Continued)

E. PENSION PLAN (Continued)

C. Contributions

The contribution rates for employees in TCDRS are either 4%, 5%, 6% or 7% of employee gross earnings, and the District is required to contribute at actuarially determined rates as adopted by governing body of the District. Under the state law governing TCDRS, the contribution rate for each District is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the District were required to contribute 7.00% of their annual gross earnings during the fiscal year. The contribution rate for the District was 3.61% in calendar year 2020. The District's contributions to TCDRS for the year ended December 31, 2020 were \$4,327 and were the same as the required contributions.

D. Net Pension Asset

The District's Net Pension Asset (NPA) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Asset was determined by an actuarial valuation as of that date.

Actuarial assumptions:

Inflation	2.50%
Real Rate of Return	5.00%
Long-Term Investment Return	7.50%

Salary increases varies by age and service. 4.6% average over career including inflation.

All actuarial assumptions that determined the total pension liability as of December 31, 2020 were based on the results of actuarial experience sturdy for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 68. The economic assumptions were reviewed at the March 2021 TCDRS Board of Trustees meeting and revised assumptions were adopted. These revisions included reductions in the investment return, wage growth, and maximum payroll growth assumptions. The assumptions are reviewed annually by continued compliance with the relevant actuarial standards of practice.

BAYVIEW IRRIGATION DISTRICT NO. ELEVEN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

II. DETAILED NOTES ON ALL FUNDS (Continued)

E. PENSION PLAN (Continued)

D. Net Pension Asset (continued)

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The Capital Market assumptions and information shown below are provided by TCDRS Investment Consultant Cliffwater LLC. The numbers shown are based on January 2021 information for a 10-year time horizon.

<u>Asset Class</u>	<u>Target allocation</u>	<u>Geometric real rate of return</u>
Us Equities	11.50%	4.25%
Global Equities	2.50%	4.55%
International Equities-		
Developed Markets	5.00%	4.25%
International Equities-		
Emerging Markets	6.00%	4.75%
Investment-Grade-Bonds	3.00%	-0.85%
Strategic Credit	9.00%	2.11%
Direct Lending	16.00%	6.70%
Distressed Debt	4.00%	5.70%
REIT Equities	2.00%	3.45%
MLPS	2.00%	5.10%
Private Real Estate Partnerships	6.00%	4.90%
Hedge Funds	6.00%	1.85%
Private Equity	25.00%	7.25%
Cash Equivalents	2.00%	-0.70%

BAYVIEW IRRIGATION DISTRICT NO. ELEVEN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

II. DETAILED NOTES ON ALL FUNDS (Continued)

E. PENSION PLAN (Continued)

D. Net Pension Asset (continued)

Discount Rate

The discount rate used to measure the total Pension Liability was 7.60% the projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability/(Asset)

	Total Pension Liability (a)	Fiduciary Net Pension (b)	Net Pension Liability (a-b)
Balance at 12/31/2019	\$ 495,807	\$ 523,843	\$(28,036)
Changes for the year:			
Service cost	15,027		15,027
Interest on total pension liability	40,819		40,819
Effect of plan change	0		0
Effect of economic/demographic Gains or losses	(1,463)		(1,463)
Effect of assumptions changes on inputs	24,639		24,639
Refund of contributions	0	0	0
Benefit payments	(14,070)	(14,070)	0
Contributions-employer		4,327	(4,327)
Contributions-employee		8,390	(8,390)
Net investment income		54,114	(54,114)
Administrative expense		(422)	422
Other	0	12	(12)
Balance at 12/31/2020	\$ 560,759	\$ 576,194	\$(15,435)

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the district calculated using the discount rate of 7.60%, as well as what the District net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60%) or 1-percentage-point higher (8.60%) than the current rate

BAYVIEW IRRIGATION DISTRICT NO. ELEVEN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

II. DETAILED NOTES ON ALL FUNDS (Continued)

E. PENSION PLAN (Continued)

	1% Decrease in Discount Rate (6.6%)	Discount Rate (7.6%)	1% Increase in Discount Rate (8.6%)
District's net pension Liability/(Asset)	\$ 39,838	\$(15,435)	\$(63,309)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. That report may be obtained on the internet at www.tcdrs.com.

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions

For the year ended December 31, 2021 the District recognized pension expense of \$14,329.

At December 31, 2021, the district reported deferred inflows of resources and deferred outflows of resources related to pension from the following sources:

Deferred Inflows/Outflows of Resources

	Deferred Inflows of Resources	Deferred Outflows of Resources
Economic/Demographic (gains) or losses	\$ 132	\$
Changes of assumptions or inputs	0	12,321
Investment (gains) or losses	18,982	
Contributions subsequent to the measurement date		3,179

Amounts currently reported as deferred outflows and deferred inflows of resources related to pensions excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

BAYVIEW IRRIGATION DISTRICT NO. ELEVEN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

II. DETAILED NOTES ON ALL FUNDS (Continued)

E. PENSION PLAN (Continued)

Year ended December 31

2021	\$	6,195
2022	(716)
2023	(9,920)
2024	(2,352)
2025		0
Thereafter		0

G. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District is a member of the Texas Water Conservation Association Intergovernmental Risk Pool, a joint self-insurance pool of Texas Political Subdivisions, which provides workers' compensation coverage and liability and property coverage for the District based upon a sharing of risks and members of the pool.

The District continues to carry commercial insurance for the risk of loss from employer dishonesty and for the bonding of its directors. There have been no claims resulting from these risks in any of the past three fiscal years. There has been no significant reduction in insurance coverage from coverage in the prior year.

H NET POSITION

Net position is composed of two categories. Net investment in capital assets, net of related debt and unrestricted net position. The following schedule provides detail of the categories of net position as of December 31, 2021

Net investment in capital assets:	
Net capital asset	\$ 266,500
Unrestricted net position	<u>140,692</u>
Total net position	<u>\$ 407,192</u>

I. SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 15, 2023, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

REQUIRED SUPPLEMENTAL INFORMATION

BAYVIEW IRRIGATION DISTRICT NO. ELEVEN
BUDGETARY COMPARISON SCHEDULE – PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Actual	Original and Final Budget	Variance Positive (Negative)
Income:			
Water sales	\$ 87,536	\$ 252,832	\$(165,296)
Flat rate assessments	182,845	174,348	8,497
Penalty and interest	10,883	9,000	1,883
Interest income	1,128	100	1,028
Miscellaneous	7,188	1,400	5,788
Total income	\$ 289,580	\$ 437,680	\$(148,100)
Expenses:			
Purchased water	\$ 103,611	\$ 114,953	\$ 11,342
Salaries and other payroll expense	104,859	153,040	48,181
Supplies, parts and repairs	50,701	52,500	1,799
Fuel, oil and lubricants	8,360	12,000	3,640
Pumps – electricity, parts and repairs	33,801	45,000	11,199
Professional fees	11,196	21,700	10,504
Recurring operating	24,901	38,487	13,586
Pension	14,329		(14,329)
Depreciation	35,056		(35,056)
Total expenses	\$ 386,814	\$ 437,680	\$ 50,866
Change in net position	\$(97,234)	\$ 0	\$(97,234)

BAYVIEW IRRIGATION DISTRICT NO. ELEVEN
SCHEDULE OF PENSION INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021

SCHEDULE OF PENSION EXPENSE

	January 1, 2020
	December 31, 2020
Total service cost	\$ 15,027
Interest on the total pension liability	40,819
Effect of plan changes	0
Employee contributions	(8,390)
Expected investment return net of investment expenses	(42,361)
Administrative expenses	422
Recognition of deferred inflows/outflows of resource	
Recognition of economic/demographic gains or losses	1,967
Recognition of assumption changes or inputs	12,323
Recognition of investment gains or losses	(5,465)
Other	(12)
Pension expense (income)	\$ 14,329

BAYVIEW IRRIGATION DISTRICT NO. ELEVEN
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
PENSION INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Total pension liability	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service cost	\$ 15,027	\$ 15,486	\$ 14,001	\$ 12,626
Interest (on the Total Pension Liability)	40,819	37,627	34,848	32,082
Effect of plan changes	0	0	0	0
Effect of economic/demographic gains or losses	(1,463)	3,469	1,099	2,991
Effect of assumptions, changes or inputs	24,639	0	0	14
Benefit payments, including refunds Of employee contributions	(14,070)	(19,270)	(15,054)	(14,826)
Net Change in total Pension Liability	\$ 64,952	\$ 37,312	\$ 34,893	\$ 32,887
Total Pension Liability – Beginning	<u>495,807</u>	<u>458,495</u>	<u>423,602</u>	<u>390,715</u>
Total Pension Liability – Ending (a)	<u>\$ 560,759</u>	<u>\$ 495,807</u>	<u>\$ 458,495</u>	<u>\$ 423,602</u>
Plan Fiduciary Net Position				
Contributions – Employer	\$ 4,327	\$ 4,860	\$ 4,628	\$ 3,974
Contributions – Employee	8,390	11,227	10,251	8,747
Investment income net of Investment expenses	54,114	74,404	(8,612)	59,149
Benefit payments/refunds of contributions	(14,070)	(19,270)	(15,054)	(14,826)
Administrative Expenses	(422)	(399)	(364)	(307)
Other	12	(36)	41	(31)
Net change in Plan Fiduciary Net Position	\$ 52,351	\$ 70,786	\$ (9,110)	\$ 56,706
Plan Fiduciary Net Position – Beginning	<u>523,843</u>	<u>453,058</u>	<u>462,168</u>	<u>405,462</u>
Plan Fiduciary net Position – Ending (b)	<u>\$ 576,194</u>	<u>\$ 523,843</u>	<u>\$ 453,058</u>	<u>\$ 462,168</u>
Net Pension Liability/(asset) – Ending = (a) – (b)	<u>\$(15,435)</u>	<u>\$(28,036)</u>	<u>\$ 5,437</u>	<u>\$(38,566)</u>
Plan fiduciary Net Position as a Percentage of Total Pension Liability	102.75%	105.65%	98.81%	109.10%
Covered Employee Payroll	\$ 119,855	\$ 160,384	\$ 146,445	\$ 124,963
Net Pension Liability (asset) as a Percentage of Covered Employee Payroll	-12.88%	-17.48%	3.71%	-30.86%

BAYVIEW IRRIGATION DISTRICT NO. ELEVEN
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
PENSION INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 12,495	\$ 8,111	\$ 9,707
29,147	27,381	26,055
0	(1,576)	0
2,869	1,081	(1,748)
0	2,340	0
<u>(14,743)</u>	<u>(19,759)</u>	<u>(14,821)</u>
\$ 29,768	\$ 17,577	\$ 19,193
<u>360,947</u>	<u>343,370</u>	<u>324,177</u>
<u>\$ 390,715</u>	<u>\$ 360,947</u>	<u>\$ 343,370</u>
\$ 4,202	\$ 4,573	\$ 4,455
8,015	7,404	6,231
29,927	3,909	24,957
(14,743)	(19,759)	(14,821)
(303)	(272)	(285)
<u>2,838</u>	<u>900</u>	<u>751</u>
\$ 27,936	\$(3,245)	\$ 21,289
<u>377,526</u>	<u>380,771</u>	<u>359,483</u>
<u>\$ 405,462</u>	<u>\$ 377,526</u>	<u>\$ 380,771</u>
<u>\$(14,747)</u>	<u>\$(16,579)</u>	<u>\$(37,402)</u>
103.77%	104.59%	110.89%
\$ 114,505	\$ 105,775	\$ 89,018
-12.88%	-15.67%	-4,202

**BAYVIEW IRRIGATION DISTRICT NO. ELEVEN
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM**

	SCHEDULE OF CONTRIBUTIONS			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially Determine Contribution	\$ 4,327	\$ 4,860	\$ 4,628	\$ 3,974
Actual Employer Contributions	\$ 4,327	\$ 4,860	\$ 4,628	\$ 3,974
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0
Pensionable Covered Payroll	\$ 119,855	\$ 160,384	\$ 146,445	\$ 124,963
Actual Contribution as a percentage of covered payroll	3.6%	3.0%	3.2%	3.2%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions used to determine contribution Rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining amortization period	20.0 years (based on contribution rate calculated in 12/31/2020 valuation.)
Asset variation method	5 – year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service, 4.6% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation

**BAYVIEW IRRIGATION DISTRICT NO. ELEVEN
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM**

(NOTES TO SCHEDULE OF CONTRIBUTIONS (cont.))

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determine Contribution	\$ 4,202	\$ 4,506	\$ 4,455
Actual Employer Contributions	\$ 4,202	\$ 4,573	\$ 4,455
Contribution Deficiency (Excess)	\$ 0	\$(67)	\$ 0
Pensionable Covered Payroll	\$ 114,505	\$ 105,775	\$ 89,018
Actual Contribution as a percentage of covered payroll	3.7%	4.3%	5.0%

Methods and Assumptions used to determine contribution Rates: (cont.)

Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected
Changes in Plan Provisions in the schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule Reflected 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No change in plan provisions were reflected in the Schedule. 2019: No change in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule.

*Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule.